

California Department of Insurance
Description of Department Functions Applicable to Proposition 103
For FY 2004-05 and FY 2005-06

The Rate Regulation Branch consists of five Rate Filing Bureaus, Rate Actuary Office, and the Deputy office. Most of the branch's work relates to Proposition 103 rate filings.

The Consumer Services and Market Conduct Branch consist of the Consumer Services Division, the Market Conduct Division, the respective Division Offices, and the Branch Deputy's Office. The Rating and Underwriting Services Bureau within the Consumer Services Division conducts inquiries into individual consumer complaints related to industry rating and underwriting practices. The Consumer Communications Bureau within the Consumer Services Division staffs the department's toll-free Hotline which provides information to the public on all insurance matters and assists consumers in resolving insurance related problems. The Field Rating and Underwriting Bureau, within the Market Conduct Division conduct field examinations of industry rating and underwriting practices.

The Legal Branch consists of five bureaus and the Division Office. The Rate Enforcement Bureau is approximately 65% dedicated to Proposition 103 activities. The remaining five legal bureaus participate in limited Proposition 103 legal matters. The Branch Deputy Office administers procedures by which the department may award advocate fees to participating intervenors who make a substantial contribution to hearing decisions.

The Office of Policy Planning has four entities that perform Proposition 103 related activities; Rate Specialist Unit, Deputy/Office, Policy Research, and Statistical Analysis Division. The Policy Research Division performs special Proposition 103 studies relating to auto ratings. The Statistical Analysis Division studies and compares auto rates and maintains vital information from rate filings. The time and related costs of these divisions that are not directly charged to specific program activities are allocated as part of department-wide service costs.

The Executive Office's time and related costs that are not directly charged to specific program activities are allocated as part of department-wide service costs. The Administrative Hearing Bureau's law judges preside over the rate hearings mandated by the provisions of Proposition 103. The Office of Communications, Office of External Affairs and the Office of Community Relations have limited direct charges for Proposition 103.

The Financial Surveillance Branch has three entities which perform financial analysis services relating directly to Proposition 103 as needed. They are the Deputy Office, Property and Casualty Bureau, and the Division Office.

The Administration and Licensing Services Branch consists of Human Resources, Information Technology, Producer Licensing, Business Management and the Financial Management Division, which includes Accounting, Administrative Systems, and Budget

& Revenue Management. The time and related costs of these bureaus/units, other than Producer Licensing, are not directly charged to specific program activities and are allocated as part of department-wide service costs.

Department-wide service costs also include the department's share of statewide support services, rent, communications, and other operating expenses not directly assigned. To the extent practical, operating expenses that can be identified as Proposition 103 are directly assigned to the Proposition 103 program costs. Remaining costs that cannot be directly assigned, are allocated to all department activities such as Proposition 103, fraud, examinations and other regulatory activities by the California State Accounting and Reporting System.

The cost to support the Insurance Advisor located in the Office of the Secretary, State and Consumer Services Agency is attributable to Proposition 103.